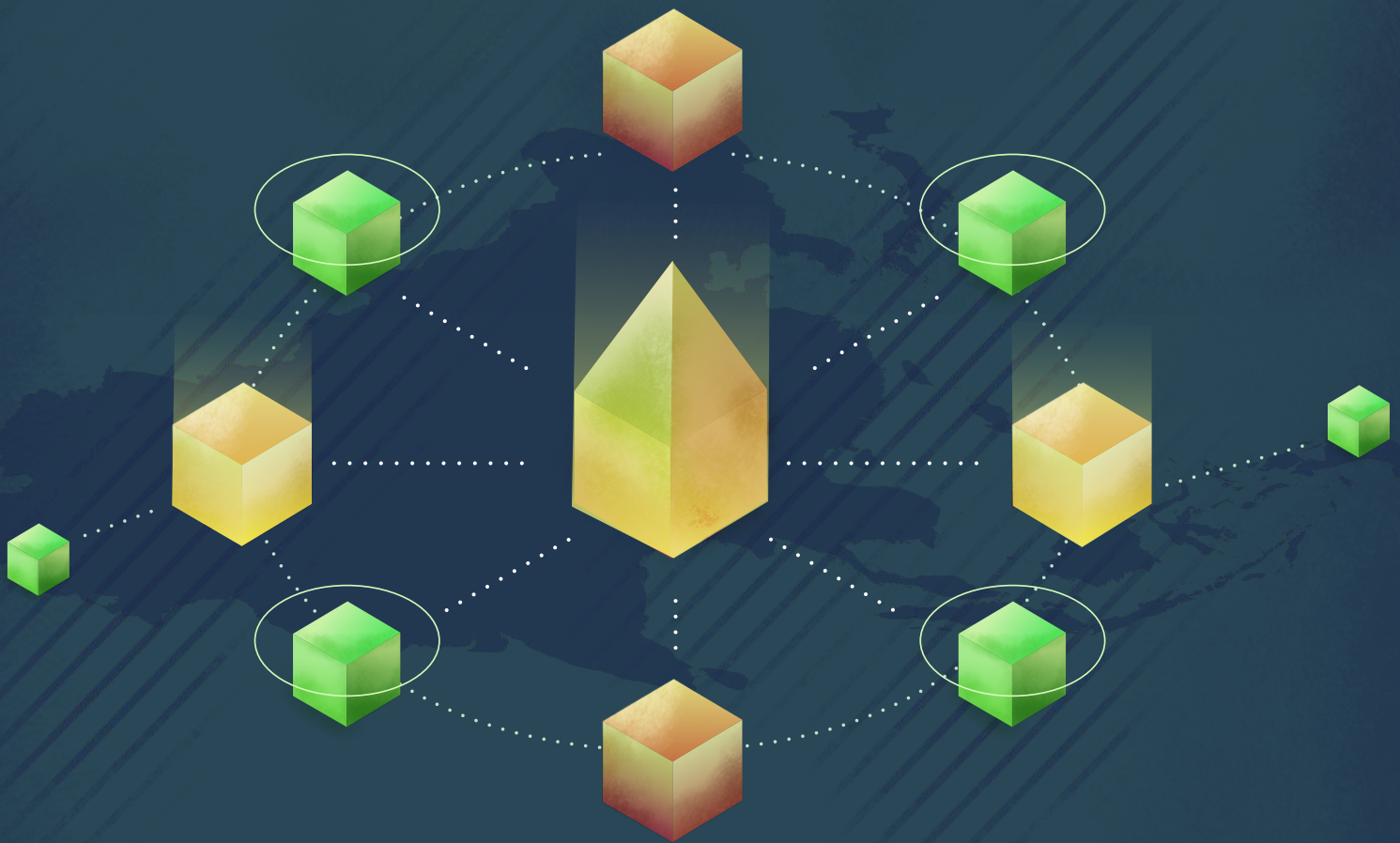


Blockchain Implementation In Asia



CYBERIUS


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What is Blockchain Technology?

In the book “Blockchain Revolution” (2016), the authors Don and Alex Tapscott refer to blockchain as being “an incorruptible digital ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value.” To put it more simply, blockchain in itself serves as a newly refined way for digital information to be stored and distributed without being copied or stolen. While originally developed as a way to make Bitcoin and cryptocurrency possible (hence why it is often associated as the same thing), the many uses for blockchain technology are becoming something much more interesting than what it was originally intended for.

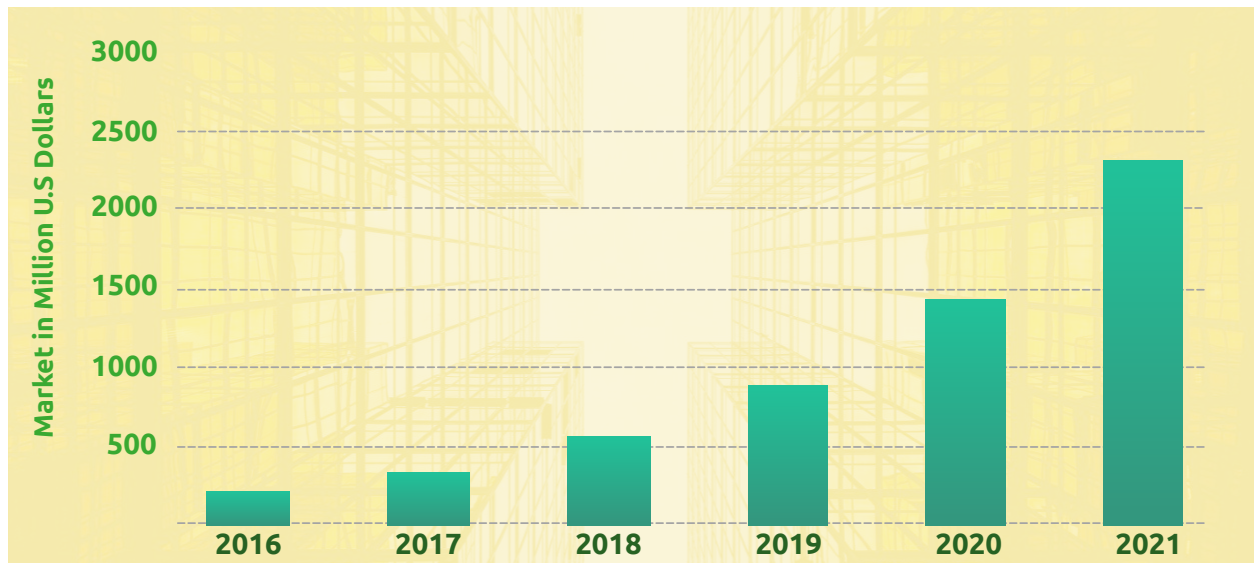
Uses & Benefits of Blockchain Technology



While many initially believed blockchain could only be used to trade cryptocurrency, this is far from the case. In fact, many governments and companies are realizing the true potential of blockchain technology in advancing the way systems work. From changing the way we vote, sign contracts, store identification, store ownership records, make transactions, or raise investments (ICOs for example), the multitude of uses make this technology revolutionary to the way our world works. Not only does it provide organizations the opportunity to handle an array of operations on a single platform, it gives users a great sense of assured security, as it offers transparency and autonomy.

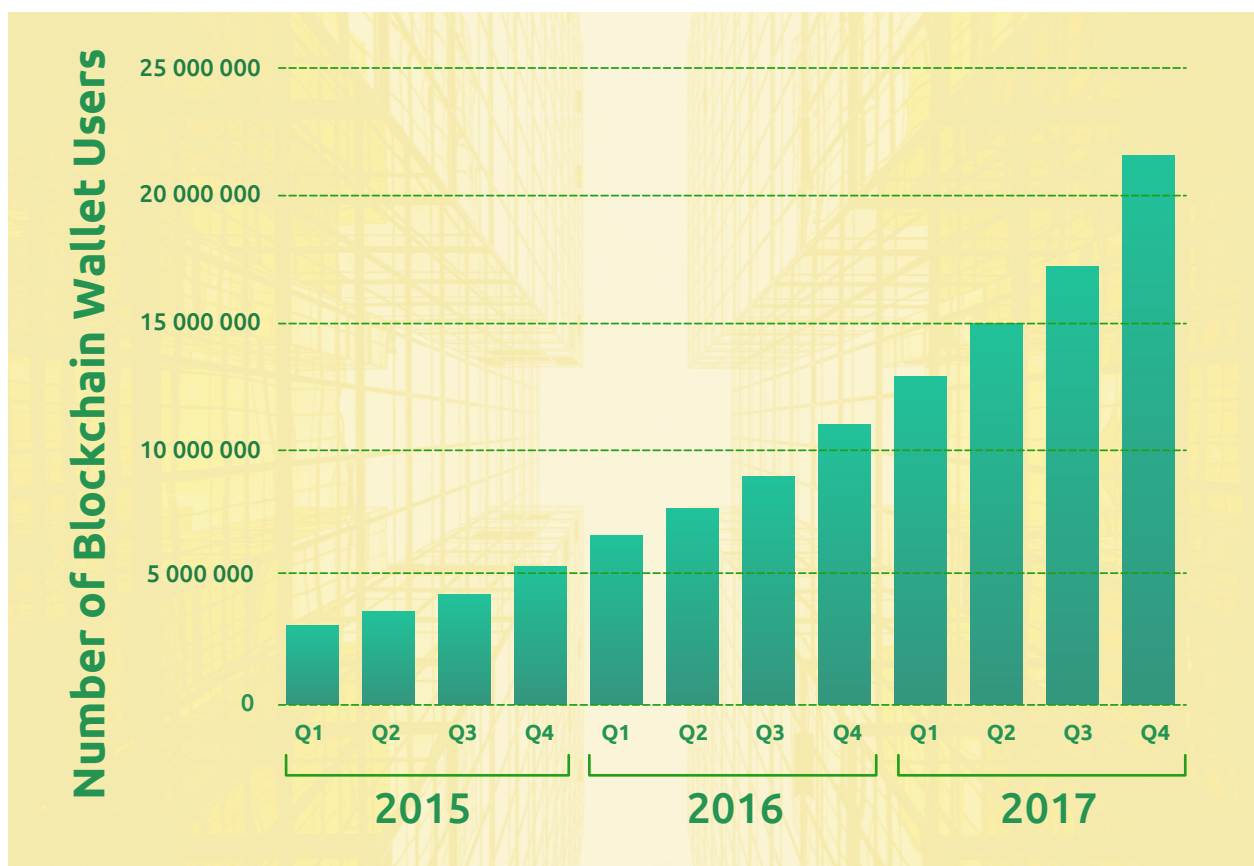
The Rise of Blockchain

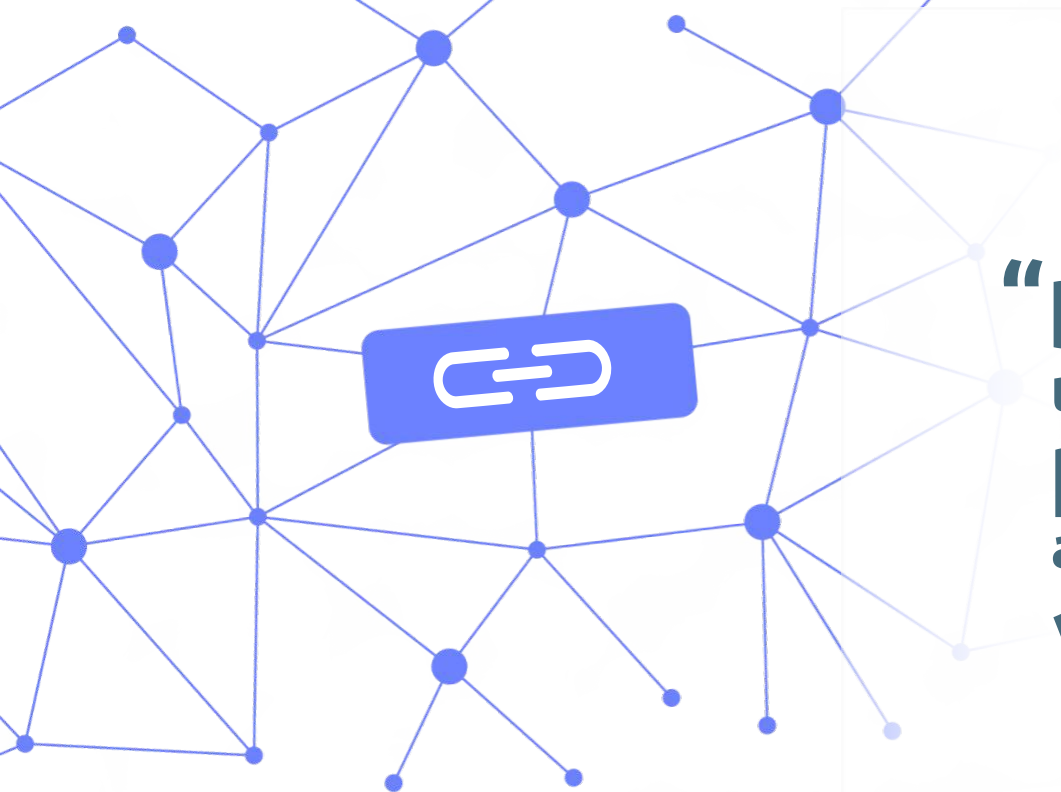
From 2016 to 2018, the blockchain technology market has grown substantially, rising 338 million USD. With the rate at which it is rising now, it is believed that the global market is predicted to reach 2.3 billion USD by 2021 (as seen below).



<https://www.statista.com/statistics/647231/worldwide-blockchain-technology-market-size/>

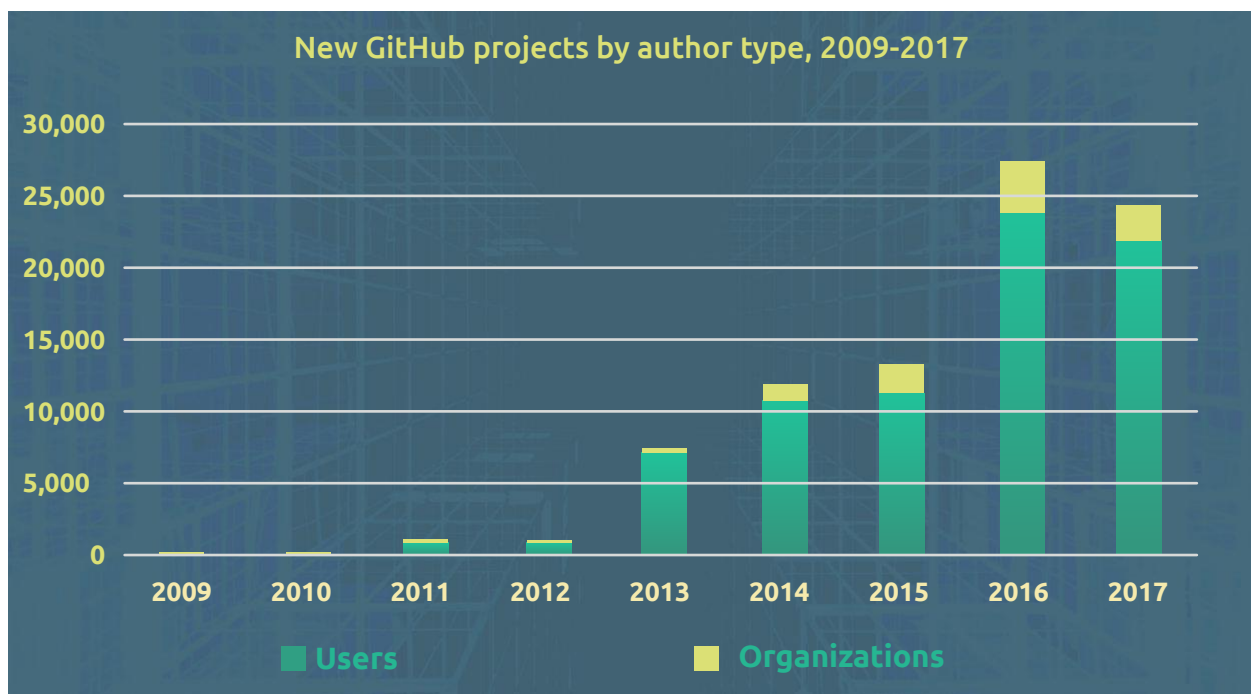
The graph below further illustrates the mass implementation of blockchain into the financial sector, graphing the [number of blockchain-based wallet users worldwide from the 1st quarter of 2015 to the 4th quarter of 2017](#). In the 1st quarter of 2015 alone there were 3 million users. Comparing this to the 4th quarter of 2017 (two years later), that number had increased substantially, reaching close to 13 million users.





**“By 2017,
their blockchain
projects
accounted for
11%.”**

This evidence is further accentuated from [Deloitte’s analysis of GH Torrent data and GitHub API data](#) (graph below), showing a growing increase (particularly in 2016) in the number of projects produced to develop blockchain technologies. In regards to organizations creating these projects, the report stated: “By 2017, their blockchain projects accounted for 11 percent (organizations currently account for 7 percent of total—not just blockchain—software development on GitHub)”.



Blockchain in Asia

Japan

Singapore

China

Korea

Malaysia

Thailand

Indonesia

Cambodia

Vietnam



Japan

For the most part, Japan has served as one of the leading nations in Asia when it comes to acceptance of cryptocurrency and blockchain technology. This has been evident from their actions, where on [May 2016](#) the government had passed a bill acknowledging cryptocurrency as money.

Who is implementing and how?

There are several organizations that are exploring the implementation of blockchain technology into the greater scheme of the financial market, with one prominent example being SBI Group, financial services and assets group. The company, which has been prominently known to have raised 30 billion yen for fintech funds back in December 2015 (one of the largest in the country), now (noted in January 2018) [aims to raise a venture capital fund of about \\$450 million in the investment of AI and blockchain technologies](#). The reason for this being that they believe that many sectors have a lot to gain from implementing such emerging technologies - whether its finance, real estate, medical, or public sectors. SBI Group continues to remain as Japan's top active company in relation to blockchain and cryptocurrency, [partnering with China's Huobi in creating two crypto exchanges, as well as Wirex](#), a UK-based cryptocurrency payment system company, to build a crypto card for Japanese consumers.

Furthermore, in June 2017, [it was reported that Japan's government had been looking at the data storing technologies behind Bitcoin to integrate it into their systems](#). For example, up to March 2018, the Ministry of Internal Affairs and Communications had aimed to experiment with a blockchain-based system for working with government tenders, ultimately changing the way individuals can interact with sending documentation to the government electronically.



Singapore

Singapore continues to be a hub for cryptocurrencies, ICOs, and blockchain-related projects. With good [taxation laws](#) and a generally open attitude of the government, the benefits of how such emerging technologies could be used to better several industries is being brought to light.

Who is implementing and how?

Some of the biggest players in implementing blockchain technology have been the Monetary Authority of Singapore (MAS) and the Association of Banks in Singapore (ABS). Since October 2017, they

have expressed their exploration into the use of blockchain technology in the [clearance and settlements](#) of securities and payments. This is part of the software prototype that a MAS and ABS led consortium had developed for establishing a more efficient inter-bank payment system. The project, called [Project Ubin](#), was made in collaboration with 11 different financial institutions (Bank of America Merrill Lynch, Citi, Credit Suisse, DBS Bank Ltd, HSBC Limited, J.P. Morgan, Mitsubishi UFJ Financial Group, OCBC Bank, Singapore Exchange, Standard Chartered Bank, and United Overseas Bank) and 5 technology companies.

On top of that, after an incident where Standard Chartered had lost \$200 million back in 2014, Singapore's government had been reportedly aiming to adopt blockchain to help prevent similar incidences of traders defrauding banks [from ever occurring again](#). With the help of local banks, this would be done through the creation of a unique fingerprint (called a cryptographic hash) of every invoice.



Hong Kong

As expressed in the article on [Asian Regulations](#) on ICOs, Hong Kong has been rather lenient and open in embracing anything related to the emerging technologies of ICOs, cryptocurrencies, and blockchain. This is clearly evident from the fact that about 80% of financial services in Hong Kong are in the belief that implementation of blockchain technologies will have a positive impact on the financial industry within the near future. With that being noted, over [50% of CFOs with financial services firms have expressed their plans and/or desires to invest in blockchain.](#)



Who is implementing and how?

One of the several businesses that have largely seen benefits implementing blockchain into their businesses for greater efficiency have been Chong Sing Holdings Fintech Group, a HK-based company that provides loans to SMEs in China. Through the use of blockchain, [they have reported to have developed various blockchain platforms which should “help save 30% of back office support resources.”](#) Not only that, but the fintech company has also been utilizing blockchain Smart Contracts for their lending business, where a person borrowing can allocate funds directly to the investor’s account.

In addition to the companies mentioned above, in April 2017, [the Hong Kong Monetary Authority \(HKMA\) held hands with the top five banks in the region to launch a blockchain trade finance platform.](#) This partnered project would demonstrate how the uses of blockchain would help bring about great benefits to the finance industry, mitigating fraudulent activities, increasing efficiency, and improving transparency.



China

Even though communist mainland China has remained one of the more influential economies in the financial market, surprising many with their absolute ban on cryptocurrency, this has not taken away from their sentiments toward the Central Bank Digital Currency (CBDC). Since as far back as February 2016, the president of the People's Bank of China [had expressed his interest in adopting CBDC](#).

Who is implementing and how?

There have been several companies interested in implementing blockchain technology into their systems. One

prominent case that is expected to completely revolutionize the way China's automobile industry works is [VeChain Foundation](#). The company aims to strike a middle balance between decentralization and totalitarian governance, building a blockchain that operates similarly to Ethereum, where other various applications are built upon. One immediate case is using the blockchain to help improve the transparency in logistics, mitigating issues of fake goods in both luxury and food products. This is supported through [their partnership with the Chinese government](#).

Moreover, a Petrochemical company named [Sinochem Energy Technology](#) serves as another example of successfully using blockchain technology in their business, using it to export gasoline. Through this, they were able to reduce the costs for oil transactions by 20-30%.

In March 12th, 2018, the top heads of China's fintech companies were reported to have headed to Australia in hopes to explore upcoming developments in blockchain, so as to see how it could be further implemented into the architecture of Chinese businesses.



Korea

Although Korea has placed a prohibiting stance toward ICOs, since late October 2017, the Korea Blockchain Industry Promotion Association has reportedly made active moves on working together with a group of Korean startups to [tackle the ICO banning issue](#).

Who is implementing and how?

Since December 29th, 2016, glimpses toward the country's view on blockchain technology have appeared positive. For example, financial institutions, such as the Bank of Korea, have released reports on the applications of the technology and its cost-saving effects. For example, through quantitative research, the Bank of Korea noted that blockchain implementation alone would allow for the bank to [save 16% of its total costs](#).

The country's fintech startup, Blocko, has served as another exemplary case of pushing blockchain to the front lines of public agencies, as their middleware platform, Coinstack, had even received a First Class Gold Software Certificate (GS) - a state authorized accreditation - recognized for its blockchain software solution within the nation, a first of its kind. With such recognition, the Korea Exchange (KRX) was known to implement such software, enabling startups and private corporations to trade shares on the open market ([reported in December 2016](#)).



Malaysia

With a fairly neutral stance toward ICOs in general, Malaysia has been doing its best to not fall behind when it comes to emerging technologies, [attempting to invest time into implementing blockchain technologies to improve systems across various industries.](#)

Who is implementing and how?

By late March 2018, it was reported that nine [Malaysian commercial banks would be partnering up to adopt and develop blockchain applications](#) that would greatly improve trade finance, as well as advance financial services. Furthermore, in the start of the same period, [the government](#)

[created the National Task Force for learning more about how to better adopt the technologies.](#)

The Ministry of Science, Technology, and Innovation (MOSTI) aims to plan and strategize on ways that government and non-governmental sectors could [integrate blockchain into existing systems to vastly improve the country.](#)

Thailand

Although Thailand continues to remain strong in their stance on carefully watching and regulating ICOs, they [have been generally embracing to blockchain, as many of the country's banks have considered](#) the underlying technologies behind cryptocurrencies to be quite useful in developing their financial industry's infrastructure.

This has been evident from the development of the Blockchain Initiative project, a partnership between Thailand's commercial banks and seven various private companies and the government.

Who is implementing and how?

Thailand's banks have been jumping on the bandwagon of seeing the thriving opportunity blockchain technology has to bring for the financial market. Among them, one of the country's largest commercial financial institutions, [Kasikorn Bank, revealed at the start of August 2017, that they would collaborate with IBM to digitalize Letters of Guarantee](#), making the process paperless and significantly faster. This would help the bank serve as a leader in the market when it comes to ensuring the delivery of certain types of securities.

Moreover, [the Bank of Thailand \(BoT\) has also recently expressed \(March 2018\) their plans to integrate blockchain for shortening the central bank's bond underwriting period to just a few days](#). Not only this, they hope to improve the management of interbank Baht settlements through the development of a wholesale bank digital currency known as Inthanon.

Vietnam

With Vietnam growing to be one of Southeast Asia's emerging markets, especially in the area of e-commerce and financial technologies, it has been catching the eyes of many investors for establishing itself as a potential Fintech hub. Besides having an extremely young population ([40% being lower than 25 or younger](#)), and [technologically adept \(26% smartphone penetration\)](#), Vietnam continues to position itself as an industry leader in blockchain.

Who is implementing and how?

One of the greatest initiatives demonstrated in the country has been by the government's [National Agency for Technology, Entrepreneurship, and Commercialization Development \(NATECD\)](#), a program built by



the Ministry of Science and Technology that provides training to businesses, and financial aid to new startups. The National Technology Innovation Fund serves as another government funded program that is aimed at science and technology research.

When it comes to companies, Infinity Blockchain Labs serves as a R&D company implementing blockchain technology. Their primary aim is to “[form alliances with established businesses and regulatory institutions across various industries, as well as provid\[e\] collaborative incubation for early stage blockchain projects.](#)”



Indonesia

While Indonesia has been tough on cryptocurrencies, [expressing their stance on banning ICOs in December 2017](#), the government has been quite accepting of the technology lying behind it.

Who is implementing and how?

Even though the [Bank of Indonesia \(BI\)](#) [banned Bitcoin](#), the bank's Executive Director for the Payment System Policy Department has expressed an openness in developing blockchain technology further in the country. The government has remained in the same stance as BI, [with five of the country's major banks ready to implement the technology into their systems for greater development and efficiency.](#)

The state-owned company responsible for carrying out the country's postal services, PT Pos Indonesia also serves as a leading player in implementing blockchain technologies. Through a system named [Digi.ro.in](#), the company aims to transform the account transaction process and allowance of multicurrency, making payments more borderless. [Adopting the technology is also expected to help with managing funds and assets, as well as saving costs for migrant workers.](#)

Other prominent cases such as, [Blockchain Zoo](#) are one of the few companies that focus entirely on blockchain and its implementation. The company is primarily aimed at blockchain

consulting, providing information and materials related to blockchain applications, anti-fraud, and supply chain management.

Cambodia

With the help of China, Cambodia has grown to become one of the fastest growing economies in the past few years, even coming as far as to be called the 'New Tiger of Asian Economy' by the Asian Development Bank. In March 2018, [the 2018 ASEAN Global Blockchain Summit was hosted in Phnom Penh, with Entapay \(Cambodia's national cryptocurrency\) being recognized by the Cambodian government.](#)

Who is implementing and how?

While blockchain is fairly new to Cambodia, the National Bank of Cambodia (NBC) partnered up with Japan's Soramitsu Co. to adopt the technology to improve their systems. In June 2017, it was reported that the NBC would be launching a test phase of a closed loop blockchain technology that would greatly

["enhance the central bank's ability to facilitate and monitor interbank lending and transactions, the director-general of the NBC has confirmed."](#)

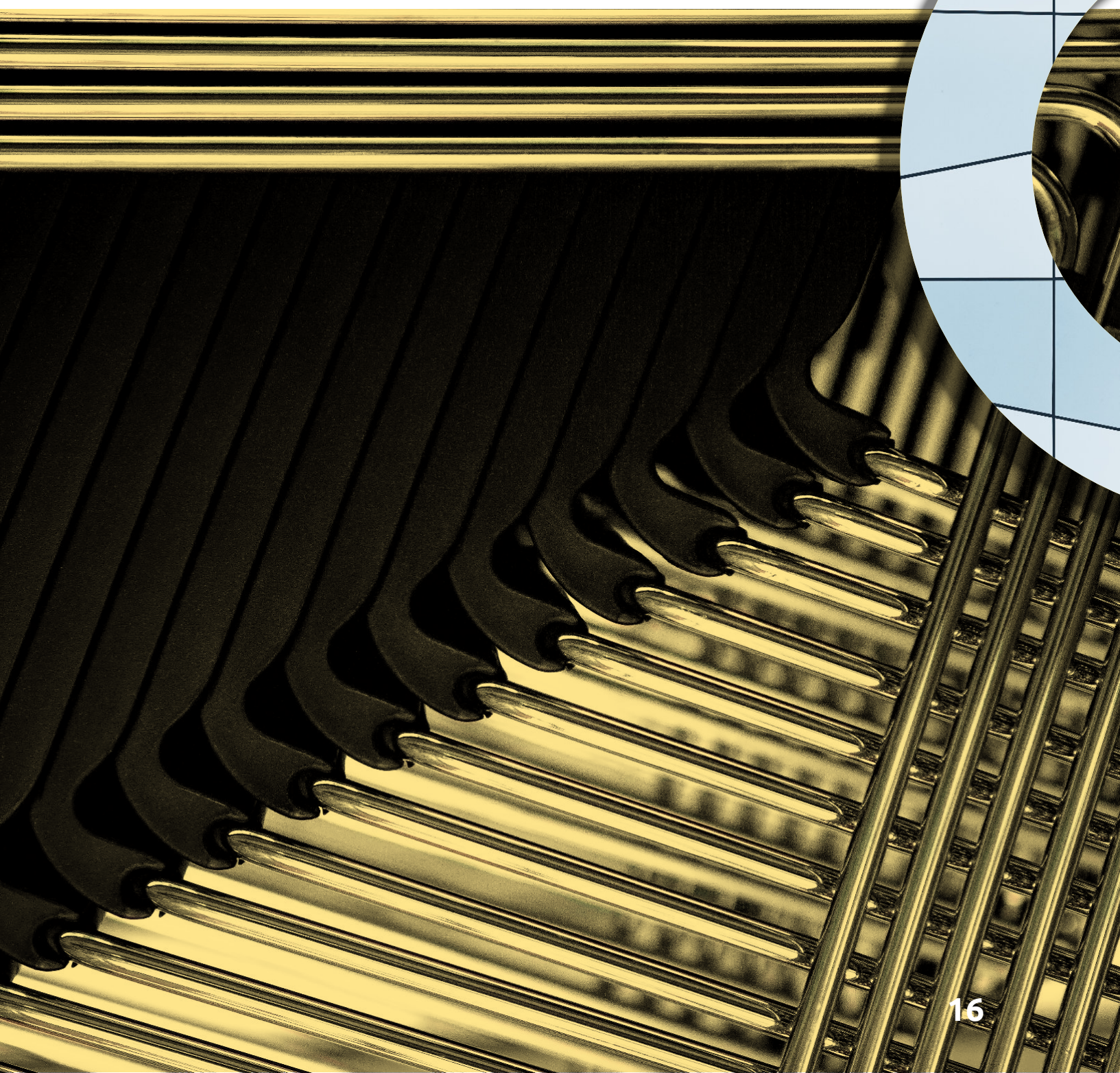
Final Thoughts

While many have associated 'blockchain' and 'Bitcoin' as one, financial institutions, governments, and companies are realizing the differences between the two. While one may serve as a cryptocurrency that disrupts current financial markets, the other is simply a digital ledger - all in all, the technology behind cryptocurrencies, which can have many other uses.

By adopting and implementing blockchain-based emerging technologies into their systems, governments are realizing the vast potential of improving efficiency, effectiveness, and all



around productivity (as well as, hopefully, transparency) in the way their major organizations are moving. And as this direction can only help to benefit the shifting transition into a digital economy, we can hope to see that blockchain implementation in Asia will only serve as a catapult for the countries within the region to reach greater heights.



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